

BOARD OF ACCOUNTANCY MEETING MINUTES

Meeting Date: May 17, 2016
Meeting Location: Central Conference Room, Gardiner, Maine
Time Meeting Began: 8:05 a.m.

CALL TO ORDER:

Chairman Tracy Harding called the meeting to order.

The following members were present:

Tracy Harding
Carl Chatto
Geoffrey Gattis
Brian Perkins
Michael Nickerson

The following staff was present: Catherine Carroll, Board Administrator
Michelle Lovering, Board Clerk

AAG Present: Robert Perkins

OLD BUSINESS:

A. Action on Board Minutes of the January 12, 2016 Meeting

A motion was made to accept the minutes as written.

Motion: Michael Nickerson
Second: Carl Chatto
Motion Carried

OTHER BUSINESS:

There was a discussion on potential rulemaking on modifying continuing professional education requirements and adding “nanolearning” as a standard for measurement in which the Maine Society of Certified Public Accounts will present a demonstration this fall. Catherine Carroll will work on contacting the Maine Internal Auditors group to contribute to the discussion. There was also discussion of potential rulemaking relative to clarifying the substantial equivalency work experience standard.

ADJUDICATORY HEARING – 2014-ACC-10473

Board Chairman, Tracy Harding, opened the hearing. Board members participating and voting: Tracy Harding, Chairman; Carl Chatto, Geoffrey Gattis, and Brian Perkins. Michael Nickerson, Board complaint officer, recused himself from the proceedings. The Board was represented by Assistant Attorney General, Robert Perkins. The licensee, Clifford Rhome, was present and not represented by counsel.

The hearing was held to determine whether the firm “Clifford Rhome, CPA, PA” violated the following. The three paragraphs listed below were taken from the Notice of Hearing to Mr. Rhome dated March 7, 2016.

- A) 10 MRS §8003 (5-A)(A)(7) Continuing to act in a capacity requiring a license and the governing law of a...board after expiration of that license by practicing public accountancy when the firm “Clifford Rhome, CPA, PA” had a continuing engagement to issue audit reports for the Town of Allagash for FY 2011, FY 2012 and FY2013 without that firm holding a permit from the Board for the period from January 1, 2012 through March 28, 2013 as required by 32 MRS §12275(3) and 32 MRS §12252(1). Each engagement to issue an audit is alleged to be a separate violation of said statute.
- B) 10 MRS §8003 (5-A)(A)(7) Continuing to act in a capacity requiring a license and the governing law of a...board after expiration of that license by the firm, “Clifford Rhome, CPA, PA”, practicing public accounting, in general, during the time period from January 1, 2012 through March 28, 2013 without that firm holding a permit from the Board as required by 32 MRS §12275(3) and 32 MRS §12252(1).
- C) 10 MRS §8003 (5-A) (A)(4) Any violation of the governing law of a ... board by the firm “Clifford Rhome, CPA, PA” failing to complete a peer review within three years of May 31, 2010 (the year end of the firm’s last completed peer review) in compliance with the licensing requirement of 32 MRS §12252(8).

The hearing was also held to determine whether Clifford Rhome individually violated the following. Paragraphs D through M listed below was taken from the Notice of Hearing to Mr. Rhome dated March 7, 2016.

- D) 10 MRS §8003 (5-A)(A)(10) Failing to produce any requested documents in his possession or under his control concerning a pending complaint ... or any matter under investigation; by failing to produce the documents requested in a letter to him from Assistant Attorney General Robert C. Perkins, dated January 1, 2015.
- E) 10 MRS §8003 (5-A) (A)(4) Any violation of the governing law of a ... board by taking the steps to put Mr. Rhome’s firm in violation of the licensing requirement of 32 MRS §12275(3) and 32 MRS §12252(1) and (3) as set forth above in (A) of the Notice of Hearing dated March 7, 2016.
- F) 10 MRS §8003 (5-A) (A)(4) Any violation of the governing law of a ... board by taking the steps to put Mr. Rhome’s firm in violation of the licensing requirement of 32 MRS §12275(3) and 32 MRS §12252(1) and (3) as set forth above in (B) of the Notice of Hearing dated March 7, 2016.
- G) 10 MRS §8003 (5-A) (A)(4) Any violation of the governing law of a ... board by failing to have a peer review completed for “Clifford Rhome, CPA, PA” within three years of May 31, 2010 (the year end of the firm’s last completed peer review) in compliance with the licensing requirement of 32 MRS §12252(8) for which he was the responsible licensee pursuant to 32 MRS §12252(3).
- H) 10 MRS § 8003(5-A)(A)(A)(2) violation of an applicable Code of Ethics by Board Rules, Chapter 8(3) Integrity “integrity is a character trait demonstrated by acting honestly, candidly and not knowingly misrepresenting facts, accommodating deceit or subordinating ethical principles” by misrepresenting in his communications with the Board on March 31, 2014 that his firm’s last peer review was in 2011 when it was actually 2010, which would have made his firm due to report successful completion of a peer review in connection with the 2014 firm license application that he was filing with that communication.
- I) 10 MRS § 8003(5-A)(A)(A)(2) violation of an applicable Code of Ethics by Board Rules, Chapter 8(3) Integrity “integrity is a character trait demonstrated by acting honestly, candidly and not knowingly misrepresenting facts, accommodating deceit or subordinating ethical principles” by misrepresenting in his communications with the Complaint Office in his response to the complaint, dated October 17, 2014, that in the early fall 2013 he was contacted by the Allagash Town Clerk regarding the status of the audits for the

Town and he did not know what audits she was referring to when he had, in fact, communicated with the Maine Department of Audit in early June and discussed completing the FY 2010, FY 2011, FY 2012, FY 2013, audits for the Town of Allagash. Mr. Rhome further indicated that he told the Town Clerk that he did not know they wanted him to do the FY 2011 audit and had never been contacted about FY 2012 and FY 2013.

- J) 10 MRS §8003 (5-A) (A)(2) by violating Board Rules Chapter 8, § 5 due care when Mr. Rhome accepted an engagement in 2011 to perform the FY 2011 audit for the Town of Allagash and did not thereafter follow up as to why he had not received documents he requested and then assumed that the town did not want him to complete the audit and essentially did no work on the audit until he was contacted by the Town Clerk in early 2013.*
- K) 10 MRS §8003 (5-1)(A)(2) by violating board rules Chapter 8, § 5 due care when Mr. Rhome failed to discuss with the Town of Allagash that he had a significant illness in the fall of 2013 which would affect his ability to commence work on the audits he had agreed to perform.*
- L) 10 MRS §8003 (5-1)(A)(2) by violating board rules Chapter 8, § 5 due care when Mr. Rhome failed to provide the completed FY 2011, FY 2012 and FY 2013 audits in a timely manner subsequent to July 1, 2014.*
- M) 32 MRS §12273(1)(J) any conduct reflecting adversely upon Mr. Rhome's fitness to engage in the practice of public accountancy by engaging in the above reference course of conduct*

Following opening statements, admission of exhibits, and closing arguments the evidentiary portion of the hearing concluded and the Board began its deliberations.

At the conclusion of deliberations:

- A) A motion was made to find a violation of Count A of the Notice of Hearing dated March 7, 2016 specifically for not issuing the FY 2011 report.

Motion: Geoffrey Gattis
Second: Brian Perkins
Vote: Unanimous

- B) A motion was made to find a violation of Count B of the Notice of Hearing dated March 7, 2016.

Motion: Carl Chatto
Second: Brian Perkins
Vote: Unanimous

- C) A motion was made to find a violation of Count C of the Notice of Hearing dated March 7, 2016.

Motion: Geoffrey Gattis
Second: Brian Perkins
Vote: Unanimous

D) A motion was made to find a violation of Count D of the Notice of Hearing dated March 7, 2016.

Motion: Geoffrey Gattis

Second: Carl Chatto

Vote: Unanimous

E) A motion was made to find a violation of Count E of the Notice of Hearing dated March 7, 2016.

Motion: Carl Chatto

Second: Brian Perkins

Vote: Unanimous

F) A motion was made to find a violation of Count F of the Notice of Hearing dated March 7, 2016.

Motion: Geoffrey Gattis

Second: Carl Chatto

Vote: Unanimous

G) A motion was made to find a violation of Count G of the Notice of Hearing dated March 7, 2016.

Motion: Brian Perkins

Second: Geoffrey Gattis

Vote: Unanimous

H) A motion was made to find a violation of Count H of the Notice of Hearing dated March 7, 2016.

Motion: Geoffrey Gattis

Second: Carl Chatto

Vote: Unanimous

I) A motion was made to find a violation of Count I of the Notice of Hearing dated March 7, 2016.

Motion: Geoffrey Gattis

Second: Brian Perkins

Vote: Unanimous

J) A motion was made to find a violation of Count J in the Notice of Hearing dated March 7, 2016.

Motion: Carl Chatto

Second: Brian Perkins

Vote: Unanimous

K) A motion was made not to find a violation of Count K of the Notice of Hearing dated March 7, 2016 as it was not proven by the evidence presented.

Motion: Carl Chatto

Second: Geoffrey Gattis

Vote: Unanimous

L) A motion was made to find a violation of Count L of the Notice of Hearing dated March 7, 2016.

Motion: Brian Perkins
Second: Carl Chatto
Vote: Unanimous

M) A motion was made to find a violation of Count M of the Notice of Hearing dated March 7, 2016.

Motion: Geoffrey Gattis
Second: Brian Perkins
Vote: Unanimous

A motion was made to impose the following sanctions for the firm license. The following is extracted from the draft Decision and Order.

- *Suspend the license for six months.*
- *Begin a six month probation period at the end of the suspension.*
- *The licensee's firm secure a practice analysis to be performed by a licensed Maine CPA. The licensee is to implement the practice monitor's recommendations with regard to systems for ensuring appropriate client engagement management and systems for ensuring compliance with the board's laws and rules. The firm is to identify a practice monitor to be approved by the Board Chair within 90 days of the Decision and Order. The practice monitor is to report to the Board within 6 months of beginning of probation.*
- *Timely renew (renewal application to be filed before expiration of license) the firm license if the firm licensee is seeking renewal. This condition of probation remains in effect for the entire period of licensure, and*
- *Pay a civil penalty of \$1,000.00 for each of the three violations for a total of \$3,000.00 due within 30 days of the date of the Decision and Order.*

Motion: Brian Perkins
Second: Geoffrey Gattis
Vote: Unanimous

A motion was made to impose the following sanctions for the individual license. The following is extracted from the draft Decision and Order.

- *Suspend the license for six months.*
- *Begin a six month probation period at the end of the suspension. The licensee must cause his firm to secure a practice analysis performed by a Maine licensed CPA. This condition of probation ends after six months.*
- *Timely renew (renewal filed before expiration of license) of the licensee's individual license if seeking renewal. This condition of probation remains in effect for the entire period of licensure.*
- *Pay a civil penalty of \$1,500.00 for the violation of failing to produce requested documents in the licensee's possession concerning a pending complaint in violation of 10 M.R.S. §8003(5-A)(A)(10) and a pay a civil penalty of \$1,000.00 for each of the other violations with the exception of Count M resulting in a total of \$8,500.00 due within 180 days of the date of the Decision and Order.*

Motion: Brian Perkins
Second: Geoffrey Gattis
Vote: Unanimous

ADJOURNMENT

The meeting adjourned at 6:30 p.m.

Respectfully submitted,

Michelle Lovering
Board Clerk